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# AREI UPDATES

Updates on Agricultural Resources and Environmental Indicators

Number 15

Dec. 1996

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## Agricultural Land Values

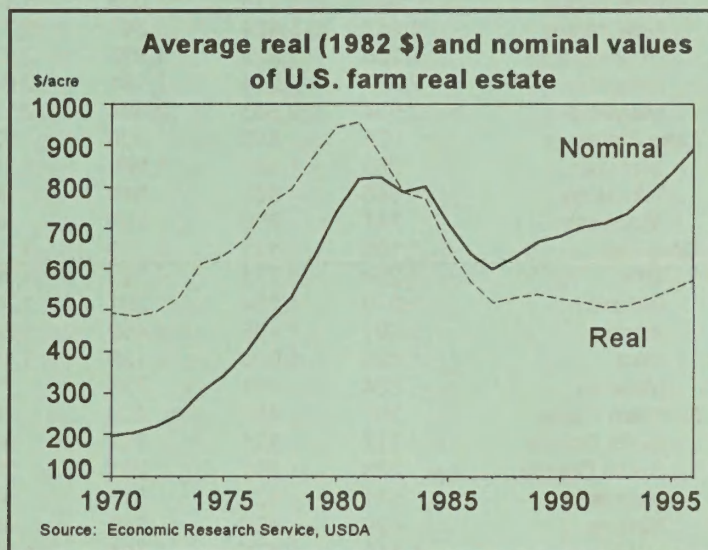
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- U.S. farm real estate values averaged \$890 per acre as of January 1, 1996—7.0 percent above a year earlier. This represents an inflation-adjusted increase of 4.4 percent.
- The largest increases occurred in the Appalachian, Mountain, and Corn Belt regions (11.2, 9.8, and 9 percent).
- The per-acre value of U.S. farm real estate has increased 49 percent since the 1987 upturn.

A 7-percent increase in the per-acre value of U.S. farm real estate (land and buildings) during 1995 was the strongest of 9 consecutive yearly gains since the upturn in values began in 1987. By comparison, the value increases were 6.4 percent in both 1994 and 1993. The per-acre value of U.S. farm real estate has increased almost 49 percent since the 1987 upturn. The average nominal value of \$890 per acre as of January 1, 1996, compares with \$823 recorded in 1982, just before the major decline in farm real estate values that occurred during the mid-1980's. It was not until January 1995 that farm real estate values exceeded the 1982 level.

On a real (or inflation-adjusted) basis, U.S. farm real estate values increased 4.4 percent during 1995. This compares with 4.0 and 3.5 percent increases during 1994 and 1993. Prior to 1993, real values had fallen for 10 of 12 years. In real terms, the January 1, 1996, average was still 40 percent below the 1981 peak.

Several States in the Lake, Corn Belt, Appalachian, and Mountain regions recorded double-digit increases in farm real estate values. All States showed increases except New York and Oklahoma.



Average regional values have been increasing since 1986 or 1987 for all regions except the Southern Plains. Since the 1986/87 low point, the Northeast has experienced an 85 percent increase. Other areas where average values have increased more than the National average include the Corn Belt (75 percent), Lake (59 percent), Appalachian (59 percent), and Southeast (57 percent) regions. Those regions with the smallest increases include the Southern Plains (15 percent), Delta (33 percent) and Northern Plains (44 percent). The trend in values for the Southern Plains has run counter to other regions for much of the 1980's and 1990's. Average values in the Southern Plains increased into 1985, while values for most other regions declined beginning in 1981. The Southern Plains average value then declined between 1985 and 1992, while over most of that period (1987-92), values increased in all other regions.

Contacts: John Jones (202) 501-8264, David Westenbarger (202) 219-0434 [dwest@econ.ag.gov].

### About AREI UPDATES

AREI UPDATES is a periodic series that supplements and updates information in **Agricultural Resources and Environmental Indicators (AREI)**, USDA, ERS, AH-705, Dec. 1994. UPDATES report recent data from surveys of farm operators and others knowledgeable about changing agricultural resource use and conditions, with only minimal interpretation or analysis. Please contact the individual listed at the end of the text for additional information about the data in this UPDATE. If you would like to be added to the mailing list or have other questions about AREI UPDATES or AREI, contact Richard Magleby, (202) 219-0436. [rmagleby@econ.ag.gov]



Table 1—Average per acre nominal value of farm real estate, by State, January 1, 1989-96<sup>1</sup>

State	1989	1990	1991	1992	1993	1994	1995	1996	Change 1995-96
	Dollars								Percent
Northeast:	1,825	1,848	1,897	1,977	2,095	2,311	2,414	2,485	2.9
Maine	1,046	1,073	1,057	1,033	1,130	1,232	1,245	1,291	3.7
New Hampshire	2,253	2,269	2,194	2,103	2,256	2,459	2,486	2,578	3.7
Vermont	1,226	1,262	1,248	1,223	1,342	1,463	1,479	1,534	3.7
Massachusetts	3,988	4,227	4,301	4,340	4,898	5,339	5,398	5,597	3.7
Rhode Island	5,289	5,564	5,619	5,627	6,304	6,871	6,947	7,204	3.7
Connecticut	4,715	5,033	5,158	5,241	5,959	6,495	6,567	6,810	3.7
New York	1,045	1,014	1,095	1,139	1,237	1,383	1,380	1,333	-3.4
New Jersey	4,947	5,494	6,341	6,710	6,942	7,407	8,052	8,172	1.5
Pennsylvania	1,936	1,929	1,937	2,073	2,056	2,247	2,339	2,505	7.1
Delaware	2,037	2,214	2,181	2,042	2,246	2,511	2,689	2,907	8.1
Maryland	2,534	2,563	2,394	2,530	2,911	3,310	3,707	3,826	3.2
Lake States:	820	843	909	920	956	986	1,048	1,126	7.5
Michigan	983	1,005	1,086	1,106	1,131	1,214	1,329	1,470	10.6
Wisconsin	845	801	849	865	925	968	1,065	1,175	10.3
Minnesota	747	810	881	884	910	914	936	976	4.2
Corn Belt:	1,108	1,111	1,153	1,190	1,235	1,331	1,448	1,578	9.0
Ohio	1,298	1,273	1,323	1,396	1,456	1,593	1,800	1,989	10.5
Indiana	1,249	1,254	1,291	1,325	1,395	1,504	1,654	1,801	8.9
Illinois	1,391	1,405	1,459	1,536	1,548	1,694	1,863	2,064	10.8
Iowa	1,095	1,090	1,139	1,153	1,212	1,281	1,349	1,442	6.9
Missouri	684	701	723	734	774	825	880	948	7.7
Northern Plains:	387	401	403	400	401	432	458	478	4.5
North Dakota	317	321	337	318	335	353	373	383	2.5
South Dakota	273	291	293	286	273	286	302	319	5.5
Nebraska	511	524	517	517	514	562	596	632	6.0
Kansas	429	450	449	460	463	503	535	553	3.3
Appalachian:	1,110	1,178	1,154	1,223	1,300	1,336	1,436	1,597	11.2
Virginia	1,397	1,665	1,490	1,643	1,636	1,690	1,771	1,925	8.7
West Virginia	731	664	704	843	849	869	910	965	6.0
North Carolina	1,364	1,355	1,382	1,455	1,573	1,609	1,749	1,970	12.6
Kentucky	910	978	958	988	1,077	1,136	1,250	1,377	10.2
Tennessee	1,037	1,067	1,095	1,130	1,245	1,250	1,336	1,526	14.2
Southeast:	1,216	1,300	1,319	1,301	1,345	1,427	1,533	1,631	6.4
South Carolina	990	1,011	1,112	1,152	1,137	1,204	1,337	1,363	2.0
Georgia	1,030	1,079	1,095	1,025	1,131	1,154	1,256	1,358	8.1
Florida	1,880	2,070	2,110	2,033	2,037	2,165	2,219	2,306	3.9
Alabama	847	890	864	936	1,000	1,117	1,262	1,387	9.9
Delta States:	809	806	834	820	866	912	972	1,009	3.8
Mississippi	717	736	766	754	777	836	886	917	3.5
Arkansas	801	796	841	815	880	927	983	989	0.6
Louisiana	959	925	920	926	972	1,000	1,082	1,176	8.7
Southern Plains:	520	504	494	487	498	521	550	562	2.2
Oklahoma	518	491	477	482	496	517	547	547	0.0
Texas	521	507	498	488	499	522	550	566	2.9
Mountain:	259	265	283	283	290	319	346	379	9.8
Montana	202	222	219	219	227	254	277	289	4.5
Idaho	593	658	654	680	682	774	836	905	8.3
Wyoming	144	153	159	145	159	180	192	206	7.3
Colorado	375	374	437	400	426	479	520	558	7.3
New Mexico	185	185	210	212	194	208	225	258	15.0
Arizona	276	267	291	311	316	325	347	399	15.0
Utah	426	398	417	445	491	537	606	697	15.0
Nevada	242	207	241	262	252	268	289	332	15.0
Pacific:	1,175	1,259	1,362	1,410	1,453	1,510	1,549	1,675	8.2
Washington	777	821	864	880	892	1,025	1,065	1,117	4.9
Oregon	536	573	586	607	663	747	844	928	9.9
California	1,742	1,884	2,077	2,157	2,213	2,213	2,215	2,404	8.5
48 States	668	682	703	713	736	782	832	890	7.0

<sup>1</sup>Value of farmland and buildings in nominal dollars (not adjusted for inflation).

Source: USDA, ERS, estimates based on data from the June Agricultural Survey and USDC Census of Agriculture.



**Table 2—Average per acre real (inflation-adjusted) value of farm real estate, by State, January 1, 1989-96<sup>1</sup>**

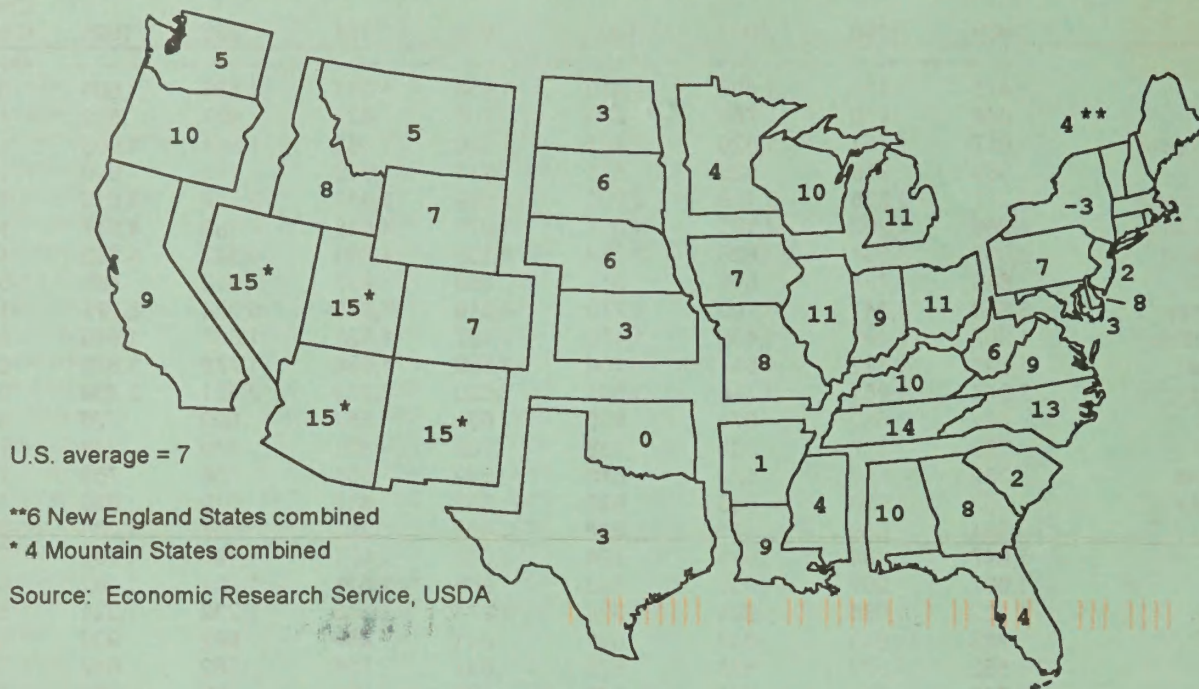
State	1989	1990	1991	1992	1993	1994	1995	1996	Change 1995-96
	<i>Dollars</i>								<i>Percent</i>
Northeast:	1,473	1,430	1,408	1,410	1,454	1,563	1,596	1,603	0.6
Maine	844	830	783	736	784	833	823	833	1.1
New Hampshire	1,817	1,754	1,626	1,497	1,566	1,663	1,644	1,663	1.2
Vermont	989	976	925	871	931	989	978	990	1.2
Massachusetts	3,217	3,268	3,188	3,090	3,399	3,611	3,569	3,610	1.2
Rhode Island	4,266	4,302	4,165	4,007	4,375	4,648	4,593	4,647	1.2
Connecticut	3,803	3,891	3,823	3,732	4,135	4,393	4,342	4,393	1.2
New York	843	784	812	811	858	935	913	860	-5.8
New Jersey	3,990	4,247	4,700	4,778	4,818	5,010	5,324	5,271	-1.0
Pennsylvania	1,562	1,491	1,436	1,476	1,427	1,520	1,547	1,616	4.5
Delaware	1,643	1,712	1,617	1,454	1,559	1,698	1,778	1,875	5.5
Maryland	2,044	1,981	1,774	1,801	2,020	2,239	2,451	2,468	0.7
Lake States:	662	652	674	655	663	667	693	726	4.8
Michigan	793	777	805	788	785	821	879	948	7.9
Wisconsin	682	619	629	616	642	655	704	758	7.6
Minnesota	603	626	653	629	632	618	619	630	1.7
Corn Belt:	894	859	855	848	857	901	957	1,018	6.3
Ohio	1,047	984	981	994	1,010	1,077	1,190	1,283	7.8
Indiana	1,007	969	957	943	968	1,017	1,094	1,162	6.2
Illinois	1,122	1,086	1,081	1,094	1,074	1,145	1,232	1,331	8.1
Iowa	883	843	844	821	841	867	892	930	4.3
Missouri	552	542	536	523	537	558	582	612	5.1
Northern Plains:	312	310	299	285	278	292	303	308	1.8
North Dakota	256	248	250	226	232	239	247	247	0.1
South Dakota	220	225	217	204	189	194	200	206	2.9
Nebraska	412	405	383	368	357	380	394	408	3.5
Kansas	346	348	333	328	321	340	354	357	0.8
Appalachian:	895	910	855	870	902	904	949	1,030	8.5
Virginia	1,127	1,287	1,104	1,170	1,135	1,143	1,171	1,242	6.0
West Virginia	590	513	522	600	589	588	602	622	3.4
North Carolina	1,100	1,048	1,024	1,036	1,092	1,088	1,157	1,271	9.9
Kentucky	734	756	710	703	747	769	826	888	7.5
Tennessee	836	825	812	805	864	845	884	984	11.4
Southeast:	980	1,005	978	926	934	965	1,014	1,052	3.8
South Carolina	799	782	824	820	789	814	884	879	-0.5
Georgia	831	834	812	730	785	780	830	876	5.5
Florida	1,516	1,600	1,564	1,448	1,414	1,465	1,467	1,488	1.4
Alabama	683	688	640	666	694	756	834	895	7.2
Delta States:	653	623	618	584	601	617	643	651	1.3
Mississippi	578	569	568	537	539	566	586	592	0.9
Arkansas	646	615	623	580	611	627	650	638	-1.9
Louisiana	774	715	682	659	675	677	716	759	6.0
Southern Plains:	420	389	366	347	346	353	363	363	-0.2
Oklahoma	418	380	354	343	344	350	362	353	-2.5
Texas	420	392	369	347	346	353	364	365	0.4
Mountain:	209	205	210	202	201	216	229	244	6.9
Montana	163	172	162	156	158	172	183	186	1.8
Idaho	478	509	485	484	473	524	553	584	5.6
Wyoming	116	118	118	103	110	121	127	133	4.8
Colorado	302	289	324	285	296	324	344	360	4.7
New Mexico	149	143	156	151	135	141	149	166	11.9
Arizona	223	206	216	221	219	220	229	257	12.2
Utah	344	308	309	317	341	363	401	450	12.2
Nevada	195	160	179	187	175	181	191	214	12.1
Pacific:	948	974	1,008	1,001	1,008	1,021	1,024	1,080	5.5
Washington	627	635	640	627	619	693	704	721	2.3
Oregon	432	443	434	432	460	505	558	599	7.3
California	1,405	1,457	1,540	1,536	1,536	1,497	1,465	1,551	5.9
48 States	539	528	521	507	511	529	550	574	4.4

<sup>1</sup>Nominal values for farmland and buildings adjusted by the Gross Domestic Product implicit price deflator indexed to 1982=100.

Source: USDA, ERS, estimates based on data from the June Agricultural Survey and USDC Census of Agriculture.



**Percent change in nominal farm real estate value per acre, January 1, 1995, to January 1, 1996**



**Estimating Farm Real Estate Values**

ERS benchmarks its farm real estate value data on the Census of Agriculture, which is conducted twice each decade. For years between Censuses, ERS calculates annual percentage changes in value from other sources (currently the June Agricultural Survey (JAS) conducted by the National Agricultural Statistics Service) and applies those percentage changes to the Census benchmark values. Because the JAS collects its data as of June 1 and the Census collects its data as of January 1, additional procedures are applied to make them consistent. Percentage changes from the 1994, 1995, and 1996 JAS were used as the basis for the interpolation.

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